

## **Mortgage Insurance for Rental Housing for Urban Renewal and Concentrated Development Areas (Section 220)**

FHA mortgage insurance is issued to finance mortgages for housing in urban renewal areas, areas in which concentrated revitalization activities have been undertaken by local government, or to alter, repair, or improve housing in those areas.

**Nature of Program:** FHA insures mortgages on new or rehabilitated homes or multifamily structures located in designated urban renewal areas and areas with concentrated programs of code enforcement and neighborhood development. Insured mortgages may be used to finance construction or rehabilitation of detached, semi-detached, row, walk-up, or elevator-type rental housing or to finance the purchase of properties that have been rehabilitated by a local public agency. Properties must be located in an urban renewal area, an urban development project, code enforcement program area, urban area receiving rehabilitation assistance as a result of natural disaster, or area where concentrated housing, physical development, or public service activities are being carried out in a coordinated manner.

The program has statutory mortgage limits, which may vary according to the size of the unit, the type of structure, and the location of the project. There are also loan-to-replacement cost and debt service limitations. The maximum amount of the mortgage loan may not exceed 90 percent of the estimated replacement cost for new construction. For substantial rehabilitation projects, the maximum mortgage amount is 90 percent of the estimated cost of repair and rehabilitation and the estimated value of the property before the repair and rehabilitation project. The maximum mortgage term is 40 years, or not in excess of three-fourths of the remaining economic life of the project, whichever is less.

**Applicant Eligibility:** Investors, builders, developers, individual homeowners, and apartment owners.

**Legal Authority:** Section 220 of the National Housing Act (12 U.S.C. 1715k). Regulations are at 24 CFR part 200, subpart A, and part 220.

**Administering Office:** Assistant Secretary for Housing-Federal Housing Commissioner, U.S. Department of Housing and Urban Development, Washington, DC 20410.

**Information Sources:** Administering office; HUD Multifamily Hubs and Program Centers.

On the Web: [www.hud.gov/offices/hsg/mfh/progdesc/renturbanhsg220.cfm](http://www.hud.gov/offices/hsg/mfh/progdesc/renturbanhsg220.cfm)

**Current Status:** The Multifamily program is active. The Single Family program and Supplemental Loan program are not active.